GOVERNMENT OF INDIA
PLANNING
LOK SABHA

UNSTARRED QUESTION NO:5229
ANSWERED ON:05.04.2017
Special Category States
Ninama Shri Manshankar;Paswan Shri Chhedi;Singh Shri Bharat;Subbareddy Shri Yerram Venkata

Will the Minister of PLANNING be pleased to state:

(a) the details of the facilities being provided to the special category States after the recommendations of the Fourteenth Finance Commission and whether the Government proposes to levy cut in the assistance provided to such States;

(b) if so, the details thereof and the reasons therefor;

(c) the details and status of the centrally sponsored schemes for States under the funding ratio of 90:10 during the last three years;

(d) whether the Government has decided to do away with special category status of certain States; and

(e) if so, the details thereof, State-wise and the reasons therefor?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) FOR MINISTRY OF PLANNING AND MINISTER OF STATE FOR MINISTRY OF URBAN DEVELOPMENT AND
MINISTRY OF HOUSING & URBAN POVERTY ALLEVIATION

(RAO INDERJIT SINGH)

(a) & (b) Certain States were granted Special Category Status for allocating Plan grants in the past by National Development Council (NDC). However, the Fourteenth Finance Commission (FFC) in its recommendations has not made any distinction between General Category States and Special Category States in the horizontal distribution of shareable taxes amongst the States. The Fourteenth Finance Commission has considered both Plan and Non-Plan expenditure in assessing the revenue requirements of States. The objective of the FFC has been to fill the resource gap of each State to the extent possible through tax devolution.

Accordingly, the States' share of Central taxes has increased from 32% earlier to 42% for the period 2015-2020 as per the recommendations of the Fourteenth Finance Commission. Also, post-devolution revenue deficit grants have been provided to States where devolution alone could not cover the assessed gap.

The transfer to States is through Finance Commission (devolution and grants-in-aid) and Centrally Sponsored Schemes which is through the concerned Ministry/ Department.

The details of the existing facilities for the eight North-Eastern and three Himalayan States is as follows:

(i) Centrally Sponsored Schemes (CSS): In the case of the 20 schemes which have been categorized as Core schemes, the funding pattern for 8 North Eastern and 3 Himalayan States will be 90:10 ratio between Centre: State whereas it will be 60:40 for all other States. The funding pattern for the remaining two schemes which have been categorized as optional schemes will be in the ratio of 80:20 between Centre: State for North-Eastern & Himalayan States whereas it will be 50:50 for all other States.

(ii) In the case of Externally Assisted Projects (EAPs), the pattern of transfer for North-Eastern and Himalayan States would be in the grant: loan ratio of 90:10 i.e., 90% of the loan to be repaid by the Central Government and 10% of the loan liability to be borne by the State Governments with respect to 80% of the project cost and 20% will be the counterpart funding by the States.

(c) The Union Government's decision dated August 17, 2016 on funding pattern of Centrally Sponsored Schemes (CSS) as recommended by Sub-Group of Chief Ministers on Rationalization of Centrally Sponsored Schemes is at Annex-I.

(d) & (e) The Fourteenth Finance Commission (FFC) in its recommendations has not made any distinction between General Category States and Special Category States in the horizontal distribution of shareable taxes amongst the States. It has taken into consideration the special needs of different States, in the horizontal distribution of shareable taxes to States and provided revenue deficit grant if devolution alone could not cover the assessed gap.

Annex-1
File No.O-11013/02/2015-CSS & CMC
Government of India NITI Aayog
(Governing Council Secretariat)
Sansad Marg, New Delhi -110001
August 17, 2016
OFFICE MEMORANDUM
Subject: Rationalization of Centrally Sponsored Schemes- Based on the Recommendations and suggested course of action by the Sub-Group of Chief Ministers- approved by the Cabinet.

Based on the recommendations of the Sub-Group of Chief Ministers and consultation with various Ministries/ Departments and other stakeholders, Government of India has decided, with the approval of the Cabinet, to rationalize the Centrally Sponsored Schemes (CSSs) in the following manner:

1. National Development Agenda:

1.1. The following sectors would form a part of the National Development Agenda:

I. Poverty Elimination - Livelihoods, Jobs and Skill Development
II. Drinking Water and Swachh Bharat Mission
III. Rural Connectivity: Electricity; Access Roads and communication
IV. Agriculture, including Animal husbandry, Fisheries, Integrated Watershed Management and Irrigation
V. Education, including Mid-Day Meal
VI. Health, Nutrition, Women and Children
VII. Housing for All: Rural and Urban
VIII. Urban Transformation
IX. Law and Order, Justice Delivery Systems
X. Others, which may include: Wildlife Conservation and Greening

1.2. The Union and the State Governments would focus jointly on the achievement of the overarching objectives through the instrumentality of CSS.

2. Number of CSS & their Classification:

2.1. The existing 66 Centrally Sponsored Schemes (CSSs) have been rationalized into 28 umbrella schemes. The list of schemes approved by the Cabinet is enclosed at Annexure-I.
2.2. Out of 28 umbrella schemes, 6 schemes have been categorized as Core of the Core schemes, 20 schemes as Core schemes, and remaining two as Optional schemes. If required, related schemes could be merged and implemented as "Umbrella Schemes", with flexibility to States to administer the admissible components in line with State-specific requirements.
2.3. Core Schemes will have compulsory participation by the States, whereas participation amongst the Optional Schemes would be by choice.
2.4. Core of the Core Schemes are legislatively backed or are designed to subserve the vulnerable sections of our population, and existing funding pattern will continue for these Schemes.
2.5. Classification and share of the Central Government for the Border Area Development Programme (BADP) will be decided by the Finance Minister in consultation with Ministry of Home Affairs and NITI Aayog.

3. Budgeting Core and Optional schemes:

3.1. Allocation of funds for the Core Schemes in the Union Budget shall be done by Ministry of Finance in the Demand for Grants of the Central Line Ministries. Inter-state distribution shall be on the basis of criteria evolved by a Committee comprising Secretary of Nodal Administrative Ministry as Chairman, Financial Adviser of the Ministry, and Adviser concerned of NITI Aayog as Members.
3.2. For Optional Schemes, a lump sum provision for each State may be intimated in advance on the basis of which states would inform the Ministry of Finance of the preferred distribution within the overall ceiling indicated.
3.3. The Consolidated Demand for the States under this head would be routed through the NITI Aayog to the Ministry of Finance.
3.4. Additionally, the State will have a flexibility of portability from the Optional schemes (should it choose not to utilize its entire allocation under that head) to any other CSS component within the overall budgetary allocation for the State under Central Assistance to State Plans (CASP).

4. Funding Pattern:

4.1. The existing funding pattern will continue for Core of the Core schemes.
4.2. For Core Schemes, the funding pattern for the 8 North Eastern States and Himalayan States of Uttarakhand. Himachal Pradesh and Jammu & Kashmir shall be Centre: 90% and State: 10%, whereas for the rest of the States this ratio shall be Centre: 60% and State: 40%.
4.3. For Optional Schemes, the funding pattern for the 8 North Eastern States and Himalayan States of Uttarakhand. Himachal Pradesh and Jammu & Kashmir shall be Centre: 80% and State: 20%, whereas for the rest of the States this ratio shall be Centre: 50% and State: 50%.
4.4. Ordinarily, no CSS will be sanctioned where the central share is less than 50%.
4.5. Flowever, all the sharing patterns indicated above shall be subject to the proviso that if the central share is already below that indicated in the sharing pattern, then the Centre"s share would remain capped at their present level.

5. Cost norms:

5.1. In construction-based schemes, States may decide cost norms on the basis of Schedule of Rates applicable to the concerned States. Flexibility in cost norms is also introduced in non-construction based schemes, wherever possible. However, the flexibility provided shall be subject to the condition that such flexibility would not create any entitlements for an increased allocation under a Scheme.
6.1. While designing the CSS. the Central Ministries shall permit flexibility in the choice of components to the States as available under the Rashtriya Krishi Vikaas Yojana (RKVY).
6.2. The flexi-funds available in each CSS has been raised from the current level of 10 percent to 25 percent for States and 30 percent for UTs of the overall annual allocation under each Scheme so that the implementation can be better attuned to the needs of individual States/ UTs.

7. Release of Funds:

7.1. Release of an instalment would not be predicated on producing Utilization Certificates (UCs) of the last instalment, and that release would be based on the furnished UC of the penultimate (last to last) instalment.
7.2. A pre-authorization based approach would be adopted on a financial year basis, with a gradual transition towards an automated "just-in-time" release of cash on a quarterly basis during 2016-17 to remove uncertainty in release of central share of CSS.
7.3. The extant procedure, which mandates immediate release of funds from State Treasuries to implementing agencies failing which penal rate is imposed, is abolished.
7.4. Tracking of expenditure is important as a monitoring tool. Hence, the Public Financial Management System (PFMS) would be suitably integrated with the State Treasuries in 2016-17 itself. However, such integration should not be a condition precedent for release of funds to States.
7.5. States with comfortable cash position are allowed to seek their share of Central Assistance as reimbursements after having funded the activities/projects through their own funds.

8. Local Body Grants:

8.1. In respect of releases to Local Bodies from Government of India, the State Governments are permitted to issue suitable advisories relating to prioritization for development expenditure with respect to Schemes/Sectors in the National Development Agenda especially relating to basic services out of the substantial funds that will devolve on them with effect from 2015-16.

9. Institutional Arrangement:

9.1. A Standing Committee would be constituted, under the Chairpersonship of CEO, NIT1 Aayog with nominees from every State/UT and suitable representation from Ministry of Finance and concerned Central Ministries, for ensuring smooth implementation of CSS.

9.2. This Committee would meet at least twice a year. The first meeting would be held immediately after the finalization of the Union Budget, and the second meeting would be held in November/December.

9.3. The deliberations of the Committee must be guided by an approach that focuses on problem-solving, advocacy and handholding on behalf of the States, as well as providing a forum for sharing and dissemination of best practices.
9.4. This arrangement would be without prejudice to the responsibility cast upon Central Ministries to monitor the implementation of Schemes relating to their Ministry.

10. Evaluation of the Schemes:

10.1. NITI Aayog shall take up monitoring and independent evaluation of important Centrally Sponsored Schemes, especially as there is a need to transit from monitoring expenditure to monitoring outcomes.

11. Arrangement for UTs:

11.1. The transfer of funds to UTs for non-plan and non-development purposes is administered through the Demand for Grants of the Ministry of Home Affairs (MHA).The existing arrangements would continue.
11.2. Funds for development purposes, both for Central Sector and Schemes under the National Development Agenda, would be allocated UT-wise by Ministry of Finance on the basis of consultation with UTs and NITI Aayog.
11.3. Instead of implementing a large number of schemes, UTs would be given flexibility in choosing the sectors in which they have identified potential and where they are likely to benefit from conceited interventions.
11.4. All Core and Optional Schemes would be funded 100% by Centre in all UTs (without legislature). For UTs (with legislature), existing funding pattern would be followed for all Core of the Core and Core Schemes. For Optional Schemes, the funding pattern of 80% by Centre and 20% by UTs (with legislature) would be followed.
11.5. For better synergy between Central sector and Centrally Sponsored Schemes. UTs in consultation with NITI Aayog may also recommend restructuring of Central sector initiatives, if required, in the selected sectors.

12. Review:

12.1. The actual working of these provisions would be reviewed for desired course correction in the spirit of cooperative federalism after two years or any other suitable period.

13. These arrangements have come into force in the current year 2016-17.

Adviser (GCS) Tel: 23096655

To
1. All the Secretaries of Government of India (as per the list)
2. Chief Secretaries of All States/ UTs (with Legislature)/ Administrators of UTs (without Legislature) - (as per the list)
1. PS to Vice Chairman, NITI Aayog
2. PS to MOS(I/C), Planning
3. PS to Members (BD)/(VKS)/(RC), NITI Aayog
4. Sr. PPS to CEO , NITI Aayog
5. PS to Principal Adviser(Social Sectors), NITI Aayog
6. PS to Special Secretary(YSM), NITI Aayog
7. PS to Addl. Secretary(AK), NITI Aayog
8. PS to Sr. Consultant (Dr. P.K.Anand) / (Shri B.N. Satpathy), NITI Aayog Copy for information to:
1. Adviser (FR) / GCS, NITI Aayog
2. JS (Budget), Budget Division, Deptt. of Expenditure, M/o Finance, North Block, New Delhi
3. JS (PF-I), Deptt. of Expenditure, M/o Finance, North Block, New Delhi
4. JS (PF-II), Deptt. of Expenditure, M/o Finance, North Block, New Delhi
5. Controller General of Accounts, Deptt. of Expenditure, M/o Finance, New Delhi
Copy also for information to:
Sr. Advisers / Advisers /OSDs of all Verticals / SMDs, NITI Aayog
Anncxure-I
Rationalized Centrally Sponsored Schemes in accordance with the National Development Agenda
Sl.
No. Name of the Centrally Sponsored Schemes (CSSs)
(A) Core of the Core Schemes
1 National Social Assistance Programme
2 Mahatma Gandhi National Rural Employment Guarantee Programme
3 Umbrella Scheme for Development of Scheduled Castes
4 Umbrella Scheme for Development of Scheduled Tribes
5 Umbrella Programme for Development of Minorities
6 Umbrella Scheme for Development of Backward Classes, Differently Abled and other Vulnerable Groups
(B) Core Schemes
7 Green Revolution (Krishi Unnati Schemes and Rashtriya KrishiVikas Yojana)
8 White Revolution (Animal Husbandry and Dairying)
9 Blue Revolution (Integrated Development of Fisheries)
10 Pradhan Mantri Krishi Sinchai Yojana
a Har Khet ko Pani
b Per Drop More Crop
c Integrated Watershed Development Programme
d Accelerated Irrigation Benefit and Flood Management Programme
11 Pradhan Mantri Gram Sadak Yojana (PMGSY)
12 Pradhan Mantri Awas Yojana (PMAY)
a PMAY-Rural
b PMAY-Urban
13 National Rural Drinking Water Mission
14 Swachh Bharat Mission (SBM)
a SBM-Rural
b SBM-Urban
15 National Health Mission (NHM)
a National Rural Health Mission
b National Urban Health Mission
c Tertiary Care Programmes
d Human Resources in Health and Medical Education
e National Mission on AYUSH
16 Rashtriya Swasthya Suraksha Yojana (erstwhile RSBY)
17 National Education Mission (NEM)
a Sarva Shiksha Abhiyan
b Rashtriya Madhyamik Shiksha Abhiyan
c Teachers Training and Adult Education
d Rashtriya Uchch Shiksha Abhiyan
18 Mid Day Meal Programme
19 Integrated Child Development Services
a Anganwadi Services
b National Nutrition Mission
c Maternity Benefits Programme
d Scheme for Adolescent Girls
e Integrated Child Protection Scheme
f National Creche Scheme
20 Mission for Protection and Empowerment for Women (beti bachao-beti padao, one-stop centre, women helpline, hostels, swadhar

greh, gender budgeting etc.)
21 National Livelihood Mission (NLM)
a National Rural Livelihood Mission
b National Urban Livelihood Mission
22 Jobs and Skill Development
a Employment Generation Programmes
b Pradhan Mantri Kaushal Vikas Yojna
23 Environment. Forestry and Wildlife (EFWL)
a National Mission for a Green India
b Integrated Development of Wildlife Flabitats
c Conservation of Natural Resources and Ecosystems
d National River Conservation Programme
24 Urban Rejuvenation Mission (AMRUT and Smart Cities Mission)
25 Modernization of Police Forces (including Security Related Expenditure)
26 Infrastructure Facilities for Judiciary (including Gram Nyayalayas & e-Courts
(C) Optional Schemes
27 Border Area Development Programme
28 Shyatna Prasad Mukherjee Rurban Mission